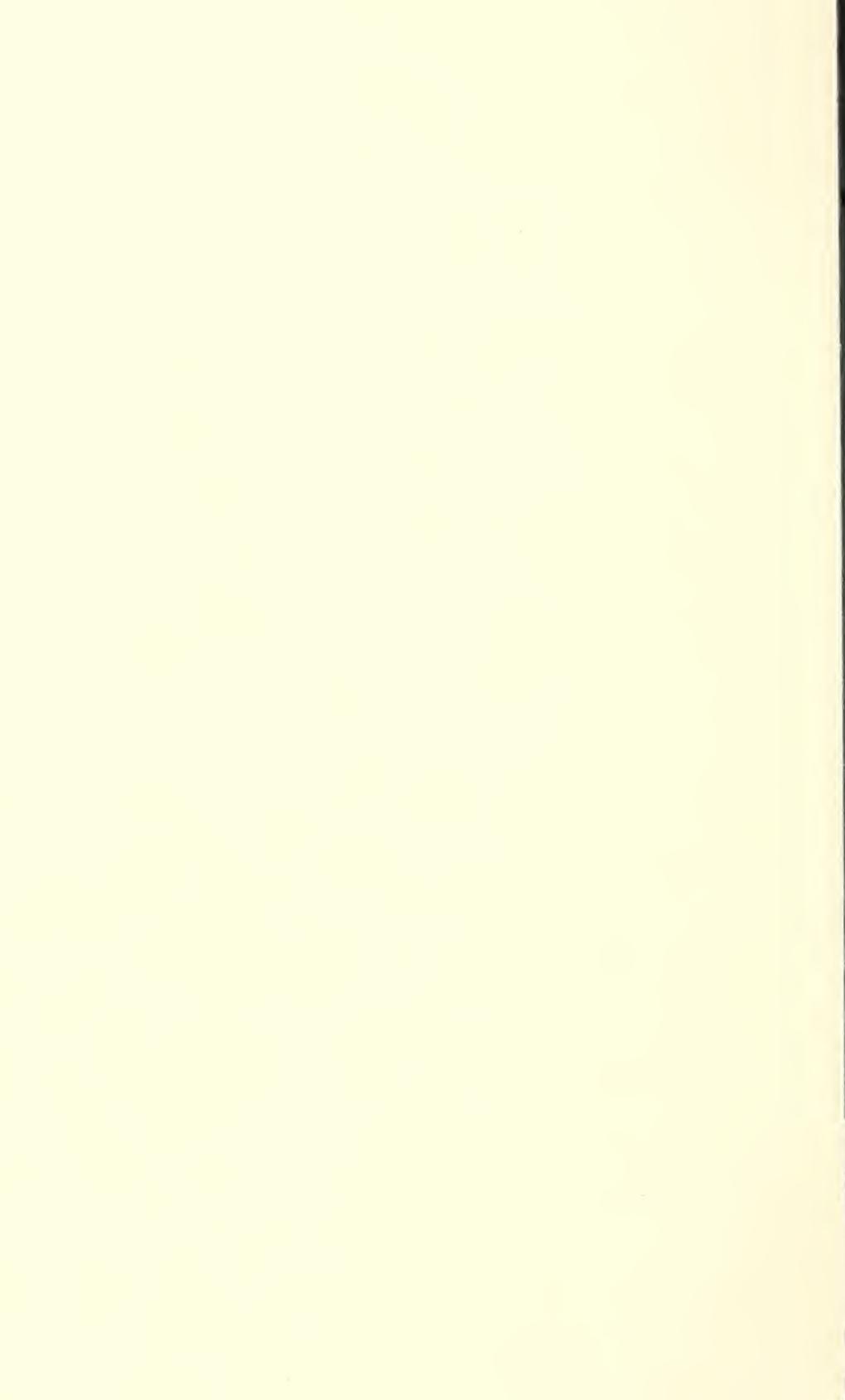


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# THE AGRICULTURAL SITUATION

*A Brief Summary of Economic Conditions* ★ OCT 13 1928 ★

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

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## HARVEST TIME—LARGER CROPS—FAVORABLE LIVESTOCK SITUATION

October is the great harvest month, and the crop story for this year will soon be complete. Among the principal cash crops, cotton was forecast September 1 at 14,439,000 bales, compared with 13,000,000 produced last year; wheat is a somewhat larger crop than last year; the same is true of fruit, while potatoes are generally supposed to be a larger crop than we have had in several years.

The feed crops are abundant, grain being decidedly more so than last year. The corn crop is materially larger. Moreover, in spite of its late planting it made such rapid progress during the summer as to be fairly well matured before the first frosts. The eastern Corn Belt, which had almost a failure of the crop last season, has ample corn this time, whereas the Southern States are estimated to have about 14 per cent less corn than last year. Oats are a decidedly heavier crop this season than last, the September 1 estimate indicating nearly 300,000,000 bushels more. This abundance of feed grains, coupled with a hay crop of about average size, will tend to strengthen the position of the livestock industries during the coming year.

With the disappointing returns realized for some of the important cash crops, it remains for the livestock industries to supply the really favorable side of the picture this fall. Livestock producers throughout the country—dairymen, cattlemen, hog and sheep raisers—all are in relatively good shape. This favorable position is due to many factors but in the last analysis it represents the effective adjustment of supply to demand. The presumption is that the price and feed situation now offers some stimulus to increased production of hogs, cattle, and dairy animals.

There is now widespread complaint among consumers over the increased prices of meat, particularly beef and veal. This is inevitable. For six years, beginning in 1920, the cattle industry was flat on its back, with western cattlemen going bankrupt on all sides and their stock almost without market value. It is doubtful if this country ever witnessed a more acute case of distress in its agricultural industries than this depression in cattle. Slowly and painfully the cattle industry liquidated its surplus, reduced its breeding herds, and is recovering from its financial wounds. The consuming community was told again and again that the outcome would surely be a period of cattle scarcity and high prices. Now we are up against that period. Cattlemen will enlarge their herds and are now beginning to do so, but the one thing that induces it is a price high enough to make it worth while.

## THE TREND OF CROP PRODUCTION.

	1913 pro- duction	5-year average 1922- 1926 pro- duction	1927 pro- duction	1928 Sept. 1 forecast
		Millions	Millions	Millions
Winter wheat-----bushels	523	556	553	579
Spring wheat-----do	240	252	319	323
All wheat-----do	763	807	873	901
Corn-----do	2,447	2,776	2,774	2,931
Oats-----do	1,122	1,352	1,184	1,454
Barley-----do		192	264	346
Buckwheat-----do	14	14	16	16
Flaxseed-----do	18	20	27	23
Potatoes, white-----do	332	394	407	467
Sweet potatoes-----do	59	81	94	82
Tobacco-----pounds	954	1,338	1,211	1,372
Peanuts-----do		671	807	849
Rice-----bushels	25.7	36	40.1	36.5
Hay, all-----tons	64	91	107	88
Apples, total-----bushels	145	199	123	179
Apples, commercial-----barrels		34	26	33
Peaches-----bushels		54	46	67
Sugar beets-----tons		7.4	7.8	6.4
Beans, dry-----bushels		16	17	16
Grain sorghums-----do		115	138	133

## COMMENTS TO ACCOMPANY CROP REPORT AS OF SEPTEMBER 1, 1928

Prospects on the 1st of September indicated crop yields per acre 3.3 per cent above the average of yields secured during the last 10 years. Since last month prospects have declined along the Atlantic coast, chiefly as a result of excessive rain and, with the exception of Kansas, have declined in the Great Plains area from South Dakota to Texas as a result of drought. Crop yields are now expected to be a little below the usual average in most of the Southern States east of the Mississippi River, in the eastern Lake States and in South Dakota. Elsewhere, yields seem likely to be about average or better with prospects best in Kansas, North Dakota, Montana, and on the Pacific coast.

**Corn.**—A corn crop of 2,931,000,000 bushels was indicated by the September condition of 78.4 per cent. This is a decrease from the indication a month ago of about 3 per cent. Crop prospects were materially reduced in Nebraska and South Dakota by dry weather and in the middle Atlantic States from New Jersey to Virginia by storm damage. In Ohio and Indiana indicated yields are about 2 bushels less than a month ago. Prospects improved or were about the same in other important corn-producing States.

The present indicated corn crop is nearly 6 per cent above the 1927 crop. The distribution of the crop is somewhat different than last year as there is an indicated increase of about 35 per cent in the eastern Corn Belt States and only 3 per cent in the western Corn Belt. An increase of about 5 per cent is indicated for the North Atlantic States while a decrease of about 14 per cent is shown for the South Atlantic and South Central States and about 5 per cent less in the far Western States.

**Spring Wheat.**—Spring wheat other than durum has increased in prospective outturn from 228,350,000 bushels on August 1 to 237,607,000 bushels on September 1. The crop is only slightly below the 1927 production but 25 per cent above the five-year average. Increases in North Dakota, Wisconsin, Idaho, and Washington more than offset decreases in other States. Montana and Washington yields tend to fall below expectations, while in Oregon the late seeded wheat is very poor, with complaints of shriveled grains. Protein content of spring wheat is showing higher than usual in the Dakotas, that in the Red River Valley being unusually high.

**All Wheat.**—The United States crop of all wheat is now indicated to be 901,000,000 bushels, an increase since a month ago of 1 per cent. In 1927, 873,000,000 bushels were produced and the five-year average is 807,000,000 bushels.

**Oats.**—The oats crop indicated by condition and probable yield reported on September 1 is 1,453,829,000 bushels. The present prospect is 102,000,000 bushels greater than the average harvested crop for the past five years and 270,000,000 greater than last year. The most striking changes from last year are found in the doubling of the crop in the Ohio, Indiana, Illinois, Missouri area. The crop in the North Central States as a whole has increased considerably more than half.

**Barley.**—Prospects for barley are about the same as they were a month ago. An unusually good yield per acre is being secured from a record acreage and production is estimated at about 346,000,000 bushels. Last year's crop of 264,000,000 bushels is the largest previously harvested.

**Buckwheat.**—Buckwheat improved during August. The indicated production for September 1 is 15,526,000 bushels, compared with 15,409,000 bushels on August 1 and is about half a million bushels below the crop of 1927.

**Flax.**—Flax deteriorated during the past month. The condition was 77.4 per cent on September 1, which compares with a condition of 83.3 per cent on August 1, indicating a loss in prospective production of slightly over a million bushels during the month. The indicated production is slightly more than 3,000,000 bushels below last year's crop and about the same amount above the five-year average.

**Potatoes.**—Prospects for potatoes are slightly higher than they were a month ago. The hot weather has not been favorable, but the loss from blight, though widespread, has not been as severe as feared. The crop is in a critical condition with blight still threatening over a large area, but in a number of States where potatoes have been dug, yields have run above expectations and with average weather from now on, an average yield of about 121.5 bushels per acre is to be expected. With the large acreage planted this season, such a yield would produce nearly 467,000,000 bushels, which, if all were harvested, would be a record crop. The quantity actually harvested will depend in part on the price at digging time. In comparison with last year, potato production will be heavier in practically all sections of the country except from the Dakotas west.

**Sweet Potatoes.**—Sweet potatoes show a slight improvement during August. The present outlook is for a crop of 81,618,000 bushels, which is about 12,000,000 bushels below the crop harvested in 1927 and about half a million bushels above the five-year average.

## AVERAGE PRICES OF FARM PRODUCTS RECEIVED BY PRODUCERS

Actual prices received by producers at local farm markets as reported to the division of crop and livestock estimates of this bureau. Average of reports covering the United States, weighted according to relative importance of district and State.

	5-year average, August, 1909– July, 1914	August average, 1910– 1914	August, 1927	July, 1928	August, 1928
Cotton, per lb-----cents	12.4	12.3	17.1	21.0	18.8
Corn, per bu-----do	64.2	70.9	97.7	102.4	98.2
Wheat, per bu-----do	88.4	89.5	123.5	118.1	95.2
Hay, per ton-----dollars	11.87	11.35	9.87	10.86	10.39
Potatoes, per bu-----cents	69.7	84.0	146.3	77.9	73.1
Oats, per bu-----do	39.9	40.9	44.4	56.2	38.4
Beef cattle, per 100 lbs_dollars	5.22	5.08	7.21	9.19	9.51
Hogs, per 100 lbs-----do	7.23	7.30	9.24	9.64	10.01
Eggs, per doz-----cents	21.5	18.2	23.4	25.6	27.4
Butter, per lb-----do	25.5	23.8	40.3	42.4	42.8
Butterfat, per lb-----do			39.4	43.3	44.3
Wool, per lb-----do	17.7	17.5	31.2	37.6	37.0
Veal calves, per 100 lbs_dollars	6.75	6.59	10.37	11.87	12.32
Lambs, per 100 lbs-----do	5.91	5.51	11.15	12.25	11.88
Horses, each-----do	142.00	143.00	80.00	85.00	84.00

The farm price of hogs continued to advance from July 15 to August 15, the farm price on August 15 being approximately 4 per cent higher than for the same date a month previous. Although the rise in the farm price of hogs was largely seasonal it was earlier than usual. The principal factor contributing to the price advance was the decrease in market receipts of live hogs and the decrease in storage stocks of pork and lard. Receipts of hogs at seven principal markets were about 18 per cent smaller during the 4-week period ending August 18 than for a similar period ending July 21. Stocks of pork on August 1 were 10.4 per cent less than on July 1 while stocks of lard on August 1 showed a reduction of 43 per cent compared with the month previous. In addition, weights of the hogs marketed were lighter than last year due to unfavorable feeding ratios. From July 15 to August 15, the corn-hog ratio advanced from 9.4 to 10.2 for the United States and from 10.5 to 11.5 for Iowa.

The farm price of corn declined approximately 4 per cent from July 15 to August 15, in contrast to the seasonal advance made during this period last year. The reaction in the farm price was accompanied by indications of a 1928 crop somewhat larger than expected earlier in the season, a marked increase in receipts of corn at primary markets during the first two weeks of August as compared with the first half of July, and a sharp increase in oat receipts at primary markets during the same period. The farm price of corn, however, did not change uniformly throughout the country. While declines ranging from 4 to 5 per cent were made in the Central and far Western States, slight advances were registered along the Atlantic seaboard.

The farm price of wheat continued to decline during the period from July 15 to August 15. At 95.2 cents per bushel, the farm price was about 19 per cent below that on July 15, 23 per cent below the farm price on August 15, 1927, and below a dollar a bushel for the first time since June, 1924. This drastic price decline has been accompanied by sharp increases in receipts of new wheat at primary markets, indications of a total world's supply slightly larger than last year, and reports of a small increase in carry-over over that of last season.

#### PRICE INDEXES FOR AUGUST, 1928

Farm products figures from this bureau; commodity groups from Bureau of Labor Statistics (latter shown to nearest whole number). Shows year ago and latest available month.

##### FARM PRODUCTS

[Prices at the farm; August, 1909-July, 1914=100]

	August, 1927	July, 1928	August, 1928	Month's trend
Cotton-----	138	169	152	Lower.
Corn-----	152	160	153	Do.
Wheat-----	140	134	108	Do.
Hay-----	84	91	88	Do.
Potatoes-----	210	112	105	Do.
Beef cattle-----	139	177	183	Higher.
Hogs-----	128	133	138	Do.
Eggs-----	109	119	127	Do.
Butter-----	158	166	168	Do.
Wool-----	175	211	208	Lower.

##### COMMODITY GROUPS

[Wholesale prices; 1926=100]

	August, 1927	July, 1928	August, 1928	Month's trend
Farm products-----	102	107	107	Unchanged.
Foods-----	94	102	104	Higher.
Hides and leather products-----	112	124	121	Lower.
Textile products-----	96	97	96	Do.
Fuel and lighting-----	84	83	85	Higher.
Metals and metal products-----	98	99	100	Do.
Building materials-----	93	94	95	Do.
Chemicals and drugs-----	95	94	95	Do.
House-furnishing goods-----	99	97	97	Unchanged.
All commodities-----	95	98	99	Higher.

## GENERAL TREND OF PRICES AND WAGES

[1910-1914=100]

Year and month	Whole- sale prices of all com- modi- ties <sup>1</sup>	Indus- trial wages <sup>2</sup>	Prices paid by farmers for commodities used in—			Farm wages	Taxes <sup>3</sup>
			Living	Pro- duc- tion	Living produc- tion		
1910	103		98	98	98	97	-----
1911	95		100	103	101	97	-----
1912	101		101	98	100	101	-----
1913	102		100	102	100	104	-----
1914	100		102	99	101	101	100
1915	103	101	107	103	106	102	102
1916	129	114	125	121	123	112	104
1917	180	129	148	152	150	140	106
1918	198	160	180	176	178	176	118
1919	210	185	214	192	205	206	130
1920	230	222	227	175	206	239	155
1921	150	203	165	142	156	150	217
1922	152	197	160	140	152	146	232
1923	156	214	161	142	153	166	246
1924	152	218	162	143	154	166	249
1925	162	223	165	149	159	168	250
1926	154	229	164	144	156	171	253
1927	149	231	161	144	154	170	-----
1927							
January	150	232				162	-----
February	149	231					-----
March	148	234	161	143	154		-----
April	147	230				166	-----
May	147	230					-----
June	146	230	161	145	155		-----
July	147	228				172	-----
August	149	231					-----
September	152	233	161	145	154		-----
October	153	231				175	-----
November	152	226					-----
December	152	233	161	142	153		-----
1928							
January	151	230				161	-----
February	151	230					-----
March	150	233	162	145	155		-----
April	152	227				166	-----
May	154	230					-----
June	153	232	162	148	156		-----
July	154	230				170	-----
August	155	231					-----

<sup>1</sup> Bureau of Labor Statistics. Index for 1928 obtained by multiplying new series by 156.6.<sup>2</sup> Average weekly earnings, New York State factories. June, 1914=100.<sup>3</sup> Index of estimate of total taxes paid on all farm property. 1914=100.

## GENERAL TREND OF PRICES AND PURCHASING POWER

[On 5-year base; August, 1909-July, 1914=100]

Year and month	Index numbers of farm prices								Prices paid by farmers for commodities bought <sup>1</sup>	Ratio of prices received to prices paid
	Grains	Fruits and vegetables	Meat animals	Dairy products	Poultry products	Cotton and cottonseed	All groups, 30 items			
1910-----	104	91	103	100	104	113	103	98	106	
1911-----	96	106	87	97	91	101	95	101	93	
1912-----	106	110	95	103	101	87	99	100	99	
1913-----	92	92	108	100	101	97	100	100	99	
1914-----	103	100	112	100	105	85	102	101	101	
1915-----	120	83	104	98	103	78	100	106	95	
1916-----	126	123	120	102	116	119	117	123	95	
1917-----	217	202	173	125	157	187	176	150	118	
1918-----	226	162	202	152	185	245	200	178	112	
1919-----	231	189	206	173	206	247	209	205	102	
1920-----	231	249	173	188	222	248	205	206	99	
1921-----	112	148	108	148	161	101	116	156	75	
1922-----	105	152	113	134	139	156	124	152	81	
1923-----	114	136	106	148	145	216	135	153	88	
1924-----	129	124	109	134	147	211	134	154	87	
1925-----	156	160	139	137	161	177	147	159	92	
1926-----	129	189	146	136	156	122	136	156	87	
1927-----	128	155	139	138	141	128	131	154	85	
August-----										
1923-----	109	151	104	142	126	190	128	155	83	
1924-----	141	138	116	120	132	219	139	154	90	
1925-----	157	178	149	135	148	186	152	159	95	
1926-----	128	166	144	128	137	130	133	156	85	
1927-----	138	172	136	129	122	136	132	154	86	
1928-----										
January-----	125	144	138	145	177	152	137	(154)	89	
February-----	128	153	139	145	144	141	135	(154)	87	
March-----	136	174	139	142	122	147	137	155	89	
April-----	144	179	142	139	121	154	140	(155)	90	
May-----	160	181	151	136	128	166	148	(156)	95	
June-----	152	168	150	134	127	162	145	156	93	
July-----	142	156	157	134	134	170	145	<sup>2</sup> 156	<sup>2</sup> 93	
August-----	120	137	162	135	140	153	139	<sup>2</sup> 156	<sup>2</sup> 89	

<sup>1</sup> These index numbers are based on retail prices paid by farmers for commodities used in living and production reported quarterly for March, June, September, and December. The indexes for other months are straight interpolations between the successive quarterly indexes.

<sup>2</sup> Preliminary.

## THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets, compiled by this bureau.

Year and month	Receipts					
	Wheat	Corn	Hogs	Cattle	Sheep	Butter
Total—	<i>1,000 bushels</i>	<i>1,000 bushels</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000 pounds</i>
1920-----	332, 314	210, 332	42, 121	22, 197	23, 538	402, 755
1921-----	435, 606	340, 908	41, 101	19, 787	24, 168	468, 150
1922-----	413, 106	378, 598	44, 068	23, 218	22, 364	526, 714
1923-----	386, 430	271, 858	55, 330	23, 211	22, 025	545, 380
1924-----	482, 007	278, 719	55, 414	23, 695	22, 201	587, 477
1925-----	346, 381	223, 604	43, 929	24, 067	22, 100	574, 489
1926-----	362, 876	234, 873	39, 772	23, 872	23, 868	572, 935
1927-----	455, 991	241, 245	41, 411	22, 763	23, 935	581, 592
August—						
1920-----	40, 832	9, 228	2, 491	1, 963	2, 606	44, 446
1921-----	68, 919	30, 061	2, 656	1, 867	2, 500	51, 923
1922-----	59, 694	24, 708	3, 037	2, 149	1, 951	50, 915
1923-----	63, 012	20, 845	3, 714	2, 214	1, 800	47, 497
1924-----	88, 461	18, 841	3, 196	1, 934	2, 005	57, 282
1925-----	41, 928	17, 488	2, 549	2, 245	2, 064	57, 556
1926-----	67, 952	11, 513	2, 804	1, 997	2, 277	50, 476
1927-----	78, 909	17, 023	3, 041	2, 065	2, 209	57, 446
1927						
September-----	79, 962	21, 259	2, 565	1, 988	2, 848	42, 234
October-----	71, 696	19, 132	3, 039	2, 635	3, 587	38, 301
November-----	42, 394	15, 924	3, 666	2, 346	1, 896	33, 607
December-----	23, 903	36, 777	4, 209	1, 691	1, 609	33, 687
1928						
January-----	22, 313	37, 116	5, 306	1, 771	1, 705	42, 271
February-----	21, 403	44, 453	5, 267	1, 516	1, 669	41, 140
March-----	24, 639	39, 520	4, 639	1, 465	1, 520	45, 748
April-----	17, 483	19, 724	3, 483	1, 684	1, 591	44, 721
May-----	24, 718	23, 289	3, 723	1, 799	1, 952	54, 427
June-----	13, 883	18, 345	3, 548	1, 558	1, 913	69, 650
July-----	64, 846	24, 535	2, 924	1, 650	1, 898	65, 145
August-----	78, 372	20, 485	2, 523	1, 829	2, 362	55, 339

Wheat moved to market in heavy volume during August though the more recent movement, particularly of spring wheat, has not been up to expectations.

Corn receipts were somewhat larger during August than in same month of recent years.

Hog receipts were relatively light; cattle below August of last year; sheep and lambs relatively heavy. Butter receipts were slightly below August of last year.

## THE TREND OF EXPORT MOVEMENT

Compiled from the Department of Commerce reports by division of statistical research of this bureau.

Year and month	Wheat, includ- ing flour <sup>1</sup>	Tobacco (leaf)	Bacon, <sup>2</sup> ham, <sup>3</sup> and shoul- ders	Lard	Total meats <sup>3</sup>	Cot- ton, run- ning bales <sup>4</sup>
Total—	1,000 <i>bushels</i>	1,000 <i>pounds</i>	1,000 <i>pounds</i>	1,000 <i>pounds</i>	1,000 <i>pounds</i>	1,000 <i>bales</i>
1920-----	311, 601	467, 662	821, 922	612, 250	1, 043, 500	6, 111
1921-----	359, 021	515, 353	647, 680	868, 942	786, 280	6, 385
1922-----	235, 307	430, 908	631, 452	766, 950	733, 832	6, 015
1923-----	175, 190	474, 500	828, 890	1, 035, 382	958, 472	5, 224
1924-----	241, 454	546, 555	637, 980	944, 095	729, 832	6, 653
1925-----	138, 784	468, 471	467, 459	688, 829	547, 361	8, 362
1926-----	193, 861	478, 769	351, 591	698, 971	428, 613	8, 916
1927-----	222, 792	506, 751	237, 798	681, 303	302, 936	9, 198
August—						
1920-----	32, 896	41, 239	32, 693	31, 021	39, 361	145
1921-----	67, 338	52, 815	77, 574	87, 411	89, 258	416
1922-----	39, 198	28, 958	51, 353	68, 907	60, 443	268
1923-----	20, 183	33, 480	69, 194	83, 758	80, 112	241
1924-----	21, 296	33, 410	52, 367	75, 937	60, 170	272
1925-----	12, 007	34, 890	31, 770	45, 740	38, 251	313
1926-----	35, 479	26, 263	29, 097	54, 273	34, 695	385
1927-----	28, 361	27, 817	16, 839	50, 816	23, 122	322
1927						
September-----	39, 765	38, 394	23, 952	59, 736	30, 213	620
October-----	36, 347	47, 044	16, 322	50, 355	21, 418	1, 113
November-----	26, 961	54, 307	13, 744	49, 636	17, 982	984
December-----	12, 211	47, 644	19, 947	62, 855	24, 453	745
1928						
January-----	11, 809	42, 600	22, 212	70, 660	27, 102	712
February-----	6, 725	41, 355	22, 175	79, 872	27, 850	614
March-----	7, 492	45, 957	28, 016	79, 929	34, 666	596
April-----	7, 880	41, 218	22, 074	56, 554	28, 607	467
May-----	8, 793	38, 726	21, 711	55, 540	28, 148	578
June-----	8, 230	30, 278	23, 850	53, 436	29, 014	444
July-----	7, 193	19, 417	25, 851	52, 940	31, 268	331
August-----	14, 775	26, 200	24, 913	50, 658	31, 300	253

<sup>1</sup> Wheat flour is converted on a basis of 4 7 bushels of grain equal 1 barrel of flour.

<sup>2</sup> Includes Cumberland and Wiltshire sides.

<sup>3</sup> Includes fresh, canned, and pickled beef; bacon, hams, and shoulders; fresh, canned, and pickled pork; fresh mutton and lamb.

<sup>4</sup> Excludes linters.

## COLD-STORAGE SITUATION

[September 1 holdings (shows nearest million; i. e., 000,000 omitted)]

Commodity	5-year average	Year ago	Month ago	September 1, 1928
Creamery butter---pounds--	138	164	120	136
American cheese----do----	74	70	73	84
Case eggs-----cases--	<sup>1</sup> 9, 551	<sup>1</sup> 9, 650	<sup>1</sup> 10, 496	<sup>1</sup> 9, 940
Total poultry----pounds--	39	40	40	41
Total beef-----do----	43	33	32	31
Total pork-----do----	688	766	819	683
Lard-----do-----	135	167	205	178
Lamb and mutton----do----	2	1	2	2
Total meats-----do----	796	867	917	773

<sup>1</sup> Three figures omitted.

There was the usual seasonal let-up in the into-storage movement of creamery butter during August. The increase was 15,699,000 pounds, which compares with 50,577,000 pounds during July; 18,554,000 pounds during August, 1927, and a 5-year average for August of 13,632,000 pounds. Stocks were 27,565,000 pounds less than a year ago.

Stocks of American cheese were increased by 10,735,000 pounds. This compares with an increase of 2,658,000 for the same period a year ago and leaves stocks 14,000,000 in excess of September 1, 1927.

The withdrawal of case eggs from storage was normal for the period; but considerably less than last year, being 556,000 cases compared with 1,096,000 cases for August, 1927. The September 1 holdings were in excess of those of a year ago by 290,000 cases.

While frozen and cured beef holdings showed a slight increase during July there was a further decline during August. Slightly over a million pounds was moved out of storage, which left stocks about 2,000,000 pounds less than last year. There is now an apparent shortage compared with the 5-year average, of 12,000,000 pounds.

The movement out of storage of frozen and cured pork was again exceedingly heavy. The reduction in stocks amounted to 136,359,000 pounds. This compares with 74,853,000 last year, or an increased movement of 82 per cent. September 1 stocks were about 5,000,000 pounds below normal and nearly 84,000,000 less than last year.

Holdings of lamb and mutton declined slightly, and were in line with the 5-year average.

Total stocks of meats were reduced by 144,422,000 pounds which is almost double the amount of reduction a year ago. There is now an apparent shortage of meats of 23,500,000 pounds as compared with the 5-year average.

Lard stocks were reduced by 26,713,000 pounds, but are still in excess of normal by about 43,500,000 pounds.

The cold-storage situation as a whole seems favorable to holders of creamery butter and poultry; as to whether the slight surplus of

case eggs is to the disadvantage of holders will be determined to a great extent by the fall lay.

Holders of meats are now undoubtedly in an advantageous position, but the lard situation is apparently not so good.

WILLIAM BROXTON,  
*Cold Storage Section, B. A. E.*

#### GENERAL BUSINESS INDICATORS RELATED TO AGRICULTURE

	August, 1927	July, 1928	August, 1928	Month's trend
<b>PRODUCTION</b>				
Pig iron, daily (thousand tons)---	95	99	101	Increase.
Bituminous coal (million tons)---	42	36	41	Do.
Steel ingots (thousand long tons)---	<sup>3</sup> 3,499	3,812	4,178	Do.
<b>CONSUMPTION</b>				
Cotton, by mills (thousand bales)---	<sup>3</sup> 635	439	527	Do.
Unfilled orders, Steel Corporation (thousand tons)---	3,196	3,571	3,624	Do.
Building contracts in 27 Northeastern States (million dollars)---	487	511	451	Decrease.
Hogs slaughtered (thousands)---	1,846	1,719	1,363	Do.
Cattle slaughtered (thousands)---	1,231	1,013	1,007	Do.
Sheep slaughtered (thousands)---	1,137	1,068	1,097	Increase.
<b>MOVEMENTS</b>				
Bank clearings (New York) (billion dollars)---	25	28	27	Decrease.
Carloadings (thousands)---	<sup>3</sup> 4,250	3,943	4,231	Increase.
Mail-order sales (million dollars)---	<sup>3</sup> 38	<sup>3</sup> 40	46	Do.
Employees, New York State factories (thousands)---	474	451	456	Do.
Average price 25 industrial stocks (dollars)---	230	258	267	Do.
Interest rate (4-6 months' paper, New York) (per cent)---	<sup>3</sup> 4.00	5.13	5.38	Do.
Retail food price index (Department of Labor) <sup>1</sup> ---	152	153	154	Higher.
Wholesale price index (Department of Labor) <sup>2</sup> ---	95	98	99	Do.

<sup>1</sup> 1913=100.

<sup>2</sup> 1926=100.

<sup>3</sup> Revised.

## SUMMARY OF DAIRY STATISTICS

[Million pounds, 000,000 omitted]

## PRODUCTION

	August			January to August, inclusive		
	1928	1927	Per cent change	1928	1927	Per cent change
Creamery butter-----	143	147	-2.8	1,075	1,106	-2.8
Farm butter-----	59	60	-1.7	423	429	-1.4
Total butter-----	202	207	-2.5	1,498	1,535	-2.4
Cheese-----	42	41	+1.3	297	294	+1.1
Condensed and evaporated milk-----	152	163	-6.4	1,385	1,438	-3.7
Total milk equiv- alent-----	5,046	5,174	-2.5	37,904	38,783	-2.2

## APPARENT CONSUMPTION

[Including production, changes in stocks, and net imports or exports]

Butter-----	186	189	-1.2	1,408	1,410	-0.2
Cheese-----	35	42	-16.1	305	323	-5.5
Condensed and evaporated milk..	162	132	-23.3	1,266	1,166	+8.6
Total milk equiv- alent-----	4,674	4,714	-0.9	35,787	35,765	+.1

T. R. PIRTLE,  
*Division of Dairy and Poultry Products, B. A. E.*

## THE DAIRY SITUATION

There have been some developments in dairy markets since the 1st of September which for the moment at least change the complexion of the dairy situation from what it has been through practically all of the present producing season. It can not be said that there is a general weakness, but recent price changes of both butter and cheese are evidence that the generally firm tone of previous months has given way somewhat to a feeling which can best be described as unsettled, with an apparent absence of the confidence which featured trading during the summer.

Butter prices first reflected this change of sentiment about the middle of the month, and on several successive days there were slight declines on the wholesale markets. Just now (September 25) prices are within half a cent of a year ago, whereas July and August prices averaged 3 to 5 cents above those of last year. Some opinions have been expressed that perhaps overconfidence may have carried butter prices too high this year, but whether or not, it seems that recent increases in butter production have been an immediate influence at work. Estimates of production in August show a drop of about 2.8 per cent under August, 1927, and doubtless many operators had anticipated that September might follow along with a similar change. The most recent trade reports, however, indicate some very sharp increases during recent weeks, with a favorable outlook for heavy fall production. Information regarding this particular situation the middle of this month indicates that in many important dairy sections current production was running as much as 12 per cent greater than during the corresponding period in September last year.

Cheese prices also show a slump since the first of the month. It will be recalled that along in June these prices advanced to a point which made them quite out of line. The higher level reached then was short-lived, however, and after a cent and a half break they were back again by the middle of July to where they had been in May. About a month later there was another cent and a half advance, and this too was more than the situation would stand, with the result that present prices at country points in Wisconsin are just about what they were immediately preceding flush production. A glance at conditions in cheese markets suggests that production may have also picked up materially this month, similar to the butter change, for receipts at warehouse points during the first two weeks this month were about 18 per cent heavier than the corresponding weeks in 1927. This, of course, would naturally have a tremendous influence on prices. Furthermore, this increase occurs in the face of a storage situation which some of the cheese trade are inclined to regard as unfavorable. The report of September 1 stocks of American cheese in cold storage indicated a surplus over last year of 14,000,000 pounds, compared with a surplus of but 6,000,000 pounds on August 1. Butter stocks, on the other hand, were 27,000,000 pounds short of last year on September 1, practically the same difference which existed August 1. It may be noted that storages in producing sections are carrying the greater portion of this year's storage surplus of cheese, but this does not necessarily mean that primary market dealers themselves are holding this surplus, for ownership of the goods may have changed, and the goods themselves left in storage at these country points. Just what has been happening is somewhat hard to explain.

Condensed milk statistics reveal changes which also have an important bearing at this time. Total stocks of condensed and evaporated milk in manufacturers' hands on September 1 amounting to 212,000,000 pounds were 88,000,000 pounds less than last year, but along with this is the fact that there was a reduction of approximately 20,000,000 pounds in stocks during August this year, whereas there was an increase during August last year of 23,000,000 pounds. August production of these concentrated milks was 6 per cent less than a year ago, but this change was not common to all sections. In Wisconsin, for example, production appears to have been some 22

per cent less than July, while the change during August for the country as a whole was a decrease of but 16 per cent. More favorable markets for milk in Wisconsin than condenseries could offer may explain in part the larger percentage decrease in Wisconsin. And, should cheese, cream, or butter prices be less favorable later on, milk which was diverted may again be attracted to condenseries, for on the whole the condensed and evaporated milk situation appears fairly strong.

During the next 30 days the fall tendency of dairy markets should be more clearly defined than at present. The peak of storage holdings has nearly always been reached on September 1, so that the outward movement should be started. Slight reductions have already occurred in most storage centers. Fall production of butter will be better known, and the price trend more apparent. Some foreign butter has already been offered, but at prices which so far are not attractive. A month from now more will also be known regarding the probability of butter imports. If dairy prices follow the usual tendencies at this time of year, some slight advances might be anticipated.

L. M. DAVIS,

*Division of Dairy and Poultry Products, B. A. E.*

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#### THE EGG-MARKET SITUATION

The egg-market situation shows little change from that described a month ago. Further development in the out-of-storage movement of eggs has intensified the interest in this phase of the market, and the usual seasonal decrease in arrivals has caused the fresh receipts to be of less importance. But even yet the elements of doubt in the situation have not been cleared, and prevailing market sentiment hovers between uncertainty and moderate confidence.

We are now in the full swing of out-of-storage movement. At this season of the year, with fresh supplies becoming continually less plentiful, the users of eggs must turn to reserve stocks for their needs. The reduction of storage stocks which this causes has a very important bearing on the markets. The most influential aspect of this movement is the rate of storage withdrawals compared with previous seasons. Throughout most of the producing period the volume of eggs in storage was considerably short of a year ago. Decreased production, if the receipts at the terminal markets are a reliable index, contributed largely to this.

But as the season progressed this relative shortage was gradually wiped out, until on September 1 instead of a shortage there was a relative surplus. Holdings on September 1 were 9,940,000 cases, compared with 9,650,000 September 1, 1927. This change was caused principally by the fact that the out-of-storage movement in its early stages, beginning about the middle of August, was much lighter than a year ago. Up to the last week in September the movement has continued lighter than in 1927, and it appears that the surplus has been still further increased. Prices of eggs for future delivery, in November and December, have reflected this situation to some extent. For the most part selling interests have been in control and November delivery prices have dropped below last year for the first time since the opening of the deal.

Current receipts continue to exceed last year's level, as has been the case since late summer. The usual seasonal decline has occurred but not as rapidly as a year ago. While interest does not center on the fresh-egg market, the increase in receipts over last fall has been quite important. Obviously, greater supplies of fresh goods tend to restrict the demand for storage eggs, unless there has been an increase in consumption.

While egg consumption through the year has apparently been lighter than in 1927, probably a reflection of high prices, it appears that trade output in the larger markets, for which current information is available, has been about the same in September, 1928, as for a year earlier. This is indicated by the fact that the heavier receipts have been just about balanced by the lighter storage movement. Spot egg prices throughout 1928 had maintained a level considerably above 1927, the margin ranging in different months from 3 to 6 cents, but this situation has changed since the opening of September. Prices have shown but very slight evidence of seasonal advance, and not nearly as much as occurred last year. Consequently, current egg quotations are no higher than a year ago, and in frequent cases have been slightly lower. The factors commented on above, increased receipts, larger storage holdings, and no increase in consumption, appear to be responsible.

The fall and winter lay will have an important part in the closing months of the year. Unfortunately, there is but limited information on this point. Weather and feed conditions will be an influence, and for the immediate future these factors seem favorable for production. It is commonly thought that the early pullet lay may be affected by the light early hatch last spring, although favorable producing conditions may act as a balance.

The wind-up of the present storage deal will be very interesting to observers. If production continues equal to, or above, last year, the reserve stocks now in storage can only be moved by increased consumer demand, or at prices which may mean loss, or very slender profit, to the storage operator.

C. E. ECKLES,  
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#### POTATO SITUATION

Changes in the potato crop outlook, according to the September report, were relatively slight. Small gains for the month in the East, were about balanced by decreases in the West, but there was an increase of five or six million bushels in the central region.

The potato crop may be larger than ever before but so is the population. The number of bushels to the consumer, according to the September forecast, is 3.8, which is by no means the highest per capita in potato history. In the 28 years since 1900, the range has been from 2.6 in 1901 to 4.4 in 1912. Eight crops show higher per capita production, 13 distinctly lower, and 6 about the same, that is, from 3.7 to 3.8. On the basis of population increase the crop is no larger than a number of others and it rates along with some which had sharp price advances at times during the market season. Keeping quality, weather extremes, the length of season,

early southern competition, and the activity of demand by consumers, all have a bearing on the outcome. The state of general business and prices of other farm products also have some influence on the potato market. Thus, the season's average of prices at representative country shipping points for the 1923 crop was 25 to 75 cents per 100 pounds higher than for the 1924 crop, although both crops were about equal in size, and about the same in per capita production as the present forecast.

#### THE FOOD DEMAND

Consuming demand should be brisk with the working population probably well employed. Other kinds of winter-stored vegetables, including onions, cabbage, and sweet potatoes, now appear to be light to moderate crops. Meats are much higher this season. Potatoes at present are about the only popular, low-priced bulky food. A start at low prices early in the season may tend to increase consumption through the main season.

Imports will scarcely enter into the situation unless prices advance sharply. Damage by blight, rot, or freezing, are features that can not be reckoned closely yet. Scattered reports of blight appear all along the northern potato belt from Maine to Minnesota and affected potatoes have been reported in leading markets, particularly in the Middle West. The extent of damage will depend greatly on moisture and this has been a wet season in the East. Developments of the next few weeks might change the situation greatly.

In short, the crop, as forecasted, may show a very large total but not so large per consumer as some other crops. It may be reduced from many causes. Consuming demand should be active and general farm market conditions are not unfavorable. Growers who can not sell and who find their potatoes hardly worth shipping, may still find favorable market openings during some part of the season. Such upturns sometimes occur even in times of heavy production.

#### CROP POSITIONS

The position of the eastern crop may be comparatively a little more favorable than that of the West and Middle West. In New England, Maine has a crop about like that of last season and the other States of the section are below average. The New York crop is also under average. This group in the Northeast should be able to handle its surplus without entering oversupplied markets elsewhere, although Pennsylvania's crop of 32,000,000 bushels is likely to take off the keen edge of the usually good demand for outside potatoes in that State. Active competition may be expected in the midwestern markets if nothing serious happens to the crop of the upper Lakes region. Minnesota, Wisconsin, and Michigan will have 106,000,000 bushels which will depend for its outlet on midwestern States that have more than the usual average home production. The far western crop will meet the handicap of distance and freight but will be looking for market openings for its larger than average production.

About three-fourths of the crop is in the 19 so-called surplus-producing States, including the shipping sections important through the balance of the season. If 10 per cent of these 317,000,000 bushels were to be held out by keeping back the No. 2's, by close-

grading and by feeding out some of the crop in districts far from the markets, or if severe blight, decay, and freezing should aid in making some such reduction, the quantity left would be about the same as last season's 283,000,000 bushels in these States. Such happenings are not at all impossible. Even then, of course, the large crop in the early and intermediate States would tend to limit the demand for distant carlots. It is true that the early and second-early States are about through shipping by September but their crop already has had its effect in overlapping and delaying the main market season and causing the fall and winter market to start on a low price level.

These early and intermediate States also have a large crop not for general market but which makes up a large part of the winter supply and limits the demand for potatoes to be shipped in. For these reasons, the prices in past seasons have corresponded about as closely to the size of the total crop as to that of the main crop alone.

Potato shipments have been gaining since mid-September owing to perhaps temporary improvement in market conditions and greater activity in the late shipping regions. This increasing supply tended to offset the rising tendency of prices resulting from moderate shipments earlier in the month.

#### SWEET POTATOES

The market prospects of the sweet-potato crop are evidently favorable, compared with white potatoes, because general production is reduced while that of the white kind shows heavy gains. Decreases in sweet-potato production in a general way are in the States growing chiefly the soft-flesh varieties. Better crop conditions in late summer brought the September forecast to 81.6 million bushels, which is about 12,000,000 less than in 1927, but about one-half million above the five-year average. The Carolinas and Georgia, shipping many sweet potatoes to eastern markets, and Alabama, Mississippi, and Arkansas shipping to the Middle West, show crops lighter than last season and mostly below average. Four States, New Jersey, Delaware, Maryland, and Virginia, supplied nearly half the carlots of sweet potatoes last season although they produced only one-ninth of the total crop. Their output is of the hard-flesh type popular in northern markets. The production in these four States is forecast as practically the same as last season, a little more than 10,000,000 bushels. The comparative shortage is evidently in the soft-flesh type of sweet potatoes. The crop is about average in Tennessee, a leading shipper of the Nancy Hall type of sweets.

G. B. FISKE,  
*Division of Fruits and Vegetables, B. A. E.*

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#### FRUITS AND TRUCK CROPS

**Apples.**—Prices of apples have been fully holding their own in most parts of the country since the opening of the active market season. Sales of fall varieties in eastern producing sections at \$1.25 per bushel may be compared with \$1.75 to \$2 a year ago and 75 cents two years ago. The comparatively low price range at northwestern shipping points is a weak feature, with considerable fruit running to small size and selling not much above \$1. Sales of barreled stock in

the eastern and north central sections have ranged from \$4 to \$4.50 on standard grade, for future delivery. Prices in the East have been somewhat in line with expectations of a total commercial crop about one-third larger than in 1927. The September crop report made no serious change in the production forecast. The shipping season started rather late and supplies of car-lot stock have been moderate in the cities, but many of the markets have been liberally supplied with local apples.

British apple markets were unsettled early in the season by arrivals of much poorly colored, immature American fruit, which sold at low prices in early September. Sales of the best apples, from \$5 per barrel to nearly \$7, were more encouraging. The German market at Hamburg valued California boxed Gravensteins about \$3 average. The English crop seems to be lighter this season, but of better market quality. More attention is being given to grades and the use of the new English grade mark, but without affecting the market conditions much as yet. The English fall crop includes many smallish, hard-fleshed apples, having full red color, and able to compete at low prices with the poorly colored fall imports. Northwestern apples have been selling around \$3 in English markets and boxed pears at \$4 to \$5. Continued demand is expected for pears and western prunes.

**Pears.**—Prices of pears have held firmly in producing sections of the Eastern and Northern States, around \$2 per bushel for standard varieties with demand fairly active. The bulk of car-lot shipments has been from the Pacific coast region. The pear season has been giving a good account of itself since the advancing price tendency appeared in far western producing and canning sections.

**Grapes.**—Grapes have been selling lower than a year ago as might be expected because of increased production East and West. Sales in producing sections of the Great Lakes region started lower by about one-third, compared with last season. Reported lighter production than expected in California and more or less restriction of shipments in that region has helped to steady the market somewhat and maintain prices on a fairly level basis.

**Onion Storage.**—The onion market continued interesting because of the activity following the report of crop damage and the rapid advance in prices during September. Dealers appear to have bought up the greater part of the production in some leading districts at prices double those prevailing a year ago. These gains have been maintained fairly well, and prices in producing sections range from a little above \$2 per 100 pounds in the West to about \$3.50 in the Middle West and East. City markets have been somewhat irregular with considerable poor stock offered but desirable lots selling mostly from \$3 to \$4. The strength of the market has been supported by the reports of poor crop conditions shown in the forecast of September 13, indicating production shrinkage of nearly one-third, compared with last season, while some leading onion States seem to have only about one-half of last year's production, besides the tendency of much of the crop to run to small sizes and inferior grades. Imports of Spanish onions have been heavy so far this fall.

**Cabbage Started High.**—Prices of cabbage two to three times those of September, 1927, in various producing sections, reflect the reported fall-off in acreage and condition especially of the long-

keeping varieties in New York. The September forecast would indicate about one-third less cabbage to be expected compared with last season, but cabbage is a late maturing crop and sometimes improves greatly the last part of the season. The East has a considerable advantage on this bulky crop this season because of its comparative shortage of late market cabbage while the North Central shipping region has a larger crop than last year.

G. B. FISKE,  
*Division of Fruits and Vegetables, B. A. E.*

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### THE GRAIN-MARKET SITUATION

Material increases in estimates of this season's harvest which forecast a total wheat crop in the Northern Hemisphere about 180,000,000 bushels above last season's outturn have been principally responsible for a continued weak situation in the wheat market during the past month. With the movement of winter wheat, however, apparently over and offerings of spring wheat below trade expectations, the domestic market has held fairly steady and prices have not changed materially from a month ago. Less favorable prospects for the new corn crop, together with rapidly diminishing stocks of old crop grain, have given a firm tone to the corn market and prices of near-by deliveries have advanced sharply while new crop futures have held firm. Oats and barley have also been steady, but rye has been weak with wheat in spite of the short supply this season. Threatened frost damage to late flax and some decrease in the September production estimate, compared with that of August, gave a firmer tone to the flax market, and prices at this writing, September 20, are around 10 cents per bushel higher than a month ago.

With the heavy seasonal movement of winter wheat apparently over, more attention is being centered on spring wheat. At the 1st of September the spring wheat crop was officially estimated at 322,473,000 bushels. This is an increase of nearly 10,000,000 bushels over the August 1 estimate and indicates a better outturn in North Dakota, Wisconsin, and Idaho than was expected a month ago. Of the spring wheat crop about 84,866,000 bushels will be durum in the four principal producing States. This is an increase of about 8,000,000 bushels over last season's crop and is the largest durum harvest since 1922.

The Canadian spring wheat crop in the three prairie Provinces was officially estimated September 1 at 529,138,000 bushels, making a total production in prospect this season of 550,482,000 bushels, the largest production on record. This is about 85,000,000 bushels over last season's outturn as accounted for to date. Frost did some damage to the crop, but it is generally believed that the loss will be in quality rather than in outturn. Harvesting is practically complete and arrivals of new crop grain are increasing rapidly in the markets.

Harvesting of wheat is now also practically completed in the principal European countries. Latest estimates from the principal producing countries of Europe, not including Russia, indicate a harvest about 5 per cent larger than last season or an increase of slightly over 100,000,000 bushels. The Russian crop has been es-

timated at 749,564,000 bushels, or practically the same as last season's harvest. Production in Africa, as reported to date, is about 3,000,000 bushels over last year's crop, but a reduction of about 40,000,000 bushels for the current season over that harvested last year is reported in three important Asiatic countries, India, Japan, and Chosen.

The crop in the Southern Hemisphere will be an important factor in the world's wheat market, particularly later in the season. No estimate of production is yet available for the Southern Hemisphere, but wheat acreage in Argentina is reported to be somewhat above last year and conditions so far have been favorable. Additional rainfall is needed in Australia in the eastern wheat growing regions, but conditions are reported satisfactory in western Australia. Stocks of old crop wheat in the Southern Hemisphere are materially smaller than last season, around 20,000,000 bushels less wheat remaining for export in Argentina and about 10,000,000 bushels less in Australia than was available at this time a year ago.

With a record crop of wheat in prospect in Canada and larger crops in most European countries, the export demand for domestic wheat continues very slow. Exports since the 1st of July of wheat alone have totaled only about 18,388,000 bushels, compared with 38,348,000 bushels for the same period last season.

#### DOMESTIC WHEAT MOVEMENT AND STOCKS HEAVY

The unusually heavy movement of hard winter wheat this season has been reflected in larger receipts in the central western markets. Arrivals at the principal markets from the 1st of July to the middle of September were about 22,000,000 bushels larger than for the same period last season. This, together with a decrease of 20,000,000 bushels in exports for this period, is largely accounted for in an increase in the stocks in store, which at the middle of September totaled 103,837,000 bushels in the markets reporting to the United States Department of Agriculture, compared with 74,783,000 bushels in store in these markets at the middle of Setpember last year. Canadian market stocks at the middle of September totaled slightly over 31,000,000 bushels, compared with about 20,500,000 bushels a year ago. These larger stocks in North America, however, are nearly offset by the smaller supplies in the Southern Hemisphere.

#### HIGH MILLING QUALITY DURUM WHEAT IN GOOD DEMAND

Light offerings of good milling quality high protein durum have been the strengthening factor in the market for that grain during the past month, and prices at Minneapolis at the middle of September have advanced 5 to 6 cents per bushel from the low point reached early in August following the sharp decline during May and through June and July. Prices on an average, however, are about 25 cents per bushel lower than a year ago, reflecting the large crop. Prospects of increased competition in European markets from North African and Canadian durum wheat and from native wheat in Italy are weakening factors in this season's durum market situation.

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### NATION'S CATTLE INDUSTRY AGAIN PROSPEROUS

The prosperous condition of the cattle industry is probably the most outstanding feature of the agricultural situation in 1928. The improvement in the industry is seen in the high level of cattle prices which has greatly increased cattle inventory value and made feeding operations unusually profitable this year.

Range conditions, while in some sections not equal to those of a year ago when they were unusually good, can not be considered as unfavorable, and abundant supplies of roughage, corn, and other grains are in prospect for fattening cattle for market next year.

The trend of cattle prices has been sharply upward since late in 1926, and the general average is now at the highest levels since 1919, the highest year on record. From the standpoint of purchasing power, cattle are probably in the best price position in the 50 years for which records are available. The improvement in the price situation is indicated in the accompanying charts showing prices of both slaughter and feeder cattle at Chicago from 1922 to date. The advance in prices has been due to a sharp falling off in market supplies and to an increasing demand for beef.

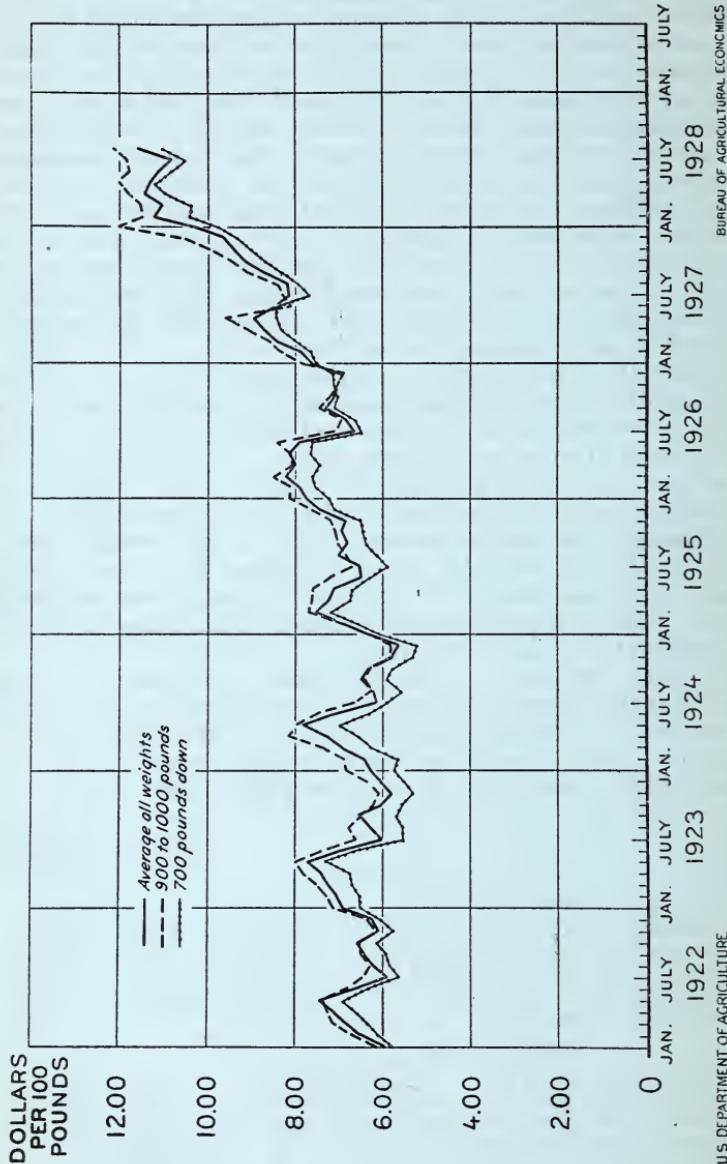
In 1926, the last year of low cattle prices, the total amount of beef made available for domestic consumption in this country was the largest on record, being estimated at almost 7.5 billion pounds, or slightly more than 63 pounds per capita. In 1927, it dropped to 6.8 billion pounds, or 58 pounds per capita. The total for 1928 is expected to be somewhat less than 6.5 billion pounds, or about 53 to 54 pounds for every person. This is the smallest per capita supply in the 29 years for which estimates have been made. The previous low year was in 1915 when the estimated per capita consumption was 54.5 pounds and beef and cattle prices were almost as high relatively as they are now.

This reduction in the amount of beef available for consumption means that the average family of five persons will buy about 50 pounds less beef in 1928 than it bought in 1926. The effect of the decreased supply on prices is seen in the following table of comparisons of August, 1926, prices with those of August, 1928.

	August, 1926	August, 1928	Per cent increase
<b>CHOICE GRADE</b>			
Steers, Chicago, per 100 lbs-----dollars--	9.98	16.31	63.4
Steer carcass beef, New York, per 100 lbs--do--	16.66	25.78	54.7
Porterhouse steak, New York, per lb-----cents--	65.0	78.2	20.3
Round steak, New York, per lb-----do--	46.3	56.7	22.5
Rib roast, New York, per lb-----do--	45.8	56.3	22.9
<b>MEDIUM GRADE</b>			
Steers, Chicago, per 100 lbs-----dollars--	8.63	13.50	56.4
Steer carcass beef, New York, per 100 lbs--do--	12.95	20.46	58.0
Porterhouse steak, New York, per lb-----cents--	40.0	52.5	31.3
Round steak, New York, per lb-----do--	35.0	47.2	34.9
Rib roast, New York, per lb-----do--	32.5	41.5	27.7
Average cost of all cattle to slaughterers, per 100 lbs-----dollars--	7.26	11.15	53.6
Average United States retail price of beef as com- puted from Bureau of Labor Statistics prices for five retail cuts representing 63.5 per cent of beef carcass, per lb-----cents--	27.1	34.3	26.5

Many people, especially consumers, are asking what brought about this situation of reduced supplies and advancing prices. The explanation lies in the economic conditions which confronted cattlemen from 1918 to 1926. In 1918, cattle numbers were the largest on record, production having been greatly stimulated as a result of

AVERAGE PRICES OF STOCKER AND FEEDER STEERS  
SHIPPED FROM CHICAGO



prosperous conditions which had prevailed in the industry since 1912. In the decade which followed, numbers were reduced by more than 15.5 million head, or about 22 per cent. This means that in the last 10 years the country slaughtered on an average about 1.5 million more cattle each year than it produced. In other words, its beef-

producing plant built up during the six years, 1912-1918, was being dismantled by selling off breeding cattle and the reserve supply of steers which usually were not marketed until they had reached an age of four or five years. At the beginning of 1928, total cattle numbers were about the same as in 1913, but the Nation had 23,000,000 more people to feed.

The dismantling process was forced by developments which started in late 1920 when cattle prices broke sharply at the time that the general commodity price level was declining. In 1921, as a result of the general business depression which prevailed, cattle prices were at extremely low levels, and this caused cattlemen to hold cattle off the market that year in the hope that prices would advance. This soon brought on a situation where the market was heavily supplied with cattle whenever prices showed any tendency to rise. Still later came large supplies of "distress" offerings when discouraged producers

### BEEF STEERS SOLD OUT OF FIRST HAND AT CHICAGO FOR SLAUGHTER

( WESTERN STEERS NOT INCLUDED )

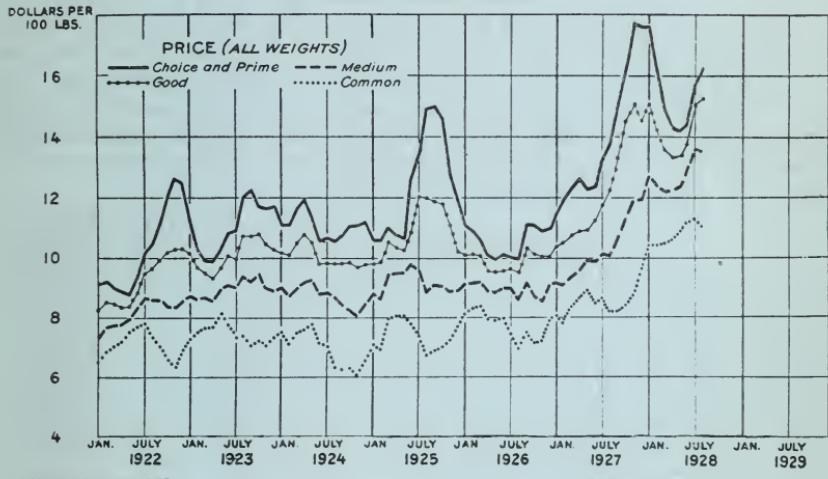


FIG. 2.

were forced to sell in order to pay off maturing loans. Under these conditions, no material advance in prices was possible until marketings were reduced or demand materially increased. With production costs at high levels and the cattle market depressed, the general tendency of producers was to liquidate and quit entirely or greatly curtail operations. Many shifted to sheep because the sheep industry was in a prosperous condition.

During the period from 1921 to 1926, total demand for beef apparently increased at a slightly greater rate than the growth in population as shown by the relationship between per capita consumption and beef prices. It was not until market supplies of cattle began to show a decrease in late 1926, however, that the slowly increasing demand had any noticeable effect on cattle and beef prices.

Both the cattle producer and the beef consumer are concerned as to how long the present situation may continue. Undoubtedly there will be the usual seasonal price fluctuations in response to seasonal

changes in supply, and there probably will be brief periods when prices of fed cattle will be depressed because of temporarily increased marketings of such cattle, but a serious decline in the general cattle price level is not likely to occur until the per capita supply of beef is increased or demand is greatly reduced.

A material reduction in demand is not anticipated unless the country suffers a severe business depression like that of 1921. Materially increased beef production can not take place until cattle producers retain more breeding stock on their farms and ranches. As yet there is little evidence that this is being done, because most producers appear to be taking advantage of the present price level and are selling their cattle for slaughter and feeding rather than holding them for building up their herds. When they have become accustomed to the existing price level and have more faith in its permanency there will be a greater tendency to expand operations.

Cattle production, however, can not be expanded materially in one year or even two years, and with the yearly increase in human population much larger than 15 years ago it is not likely to be as easy to increase the Nation's per capita beef supply as it was in earlier years. The production process has been shortened by having cattle ready for market at younger ages, but even now it requires three years to produce a steer for the block after starting breeding operations. In the previous period of small cattle supplies the low point in cattle numbers came in 1912 and the low point in beef supplies came in 1914. It was not until 1917 that the per capita beef supply was increased sufficiently to equal or exceed that of 1912.

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